

275.376 Conversion of corporation to limited liability company.

- (1) A corporation may be converted to a limited liability company pursuant to this section.
- (2) The terms and conditions of the conversion of a corporation to a limited liability company shall be set forth in a written plan of conversion and approved by the board of directors and by the shareholders of the corporation.
- (3) The plan of conversion shall set forth:
 - (a) The name of the corporation planning to convert;
 - (b) The terms and conditions of the conversion, including the articles of organization and the written operating agreement, if any, of the limited liability company into which the corporation will convert; and
 - (c) The manner and basis of converting the shares of the corporation into membership interests, obligations, or other securities of the limited liability company or into cash or other property in whole or part.
- (4) The plan of conversion may set forth any other provision relating to the conversion.
- (5) For a plan of conversion to be approved:
 - (a) The board of directors shall recommend the plan of conversion to the shareholders, unless the board of directors determines that, because of conflict of interest or other special circumstances, it should make no recommendation and communicates the basis for its determination to the shareholders with a plan; and
 - (b) The shareholders entitled to vote shall approve the plan.
- (6) The board of directors may condition its submission of the proposed conversion on any basis.
- (7) The corporation shall notify each shareholder, whether or not entitled to vote, of the proposed shareholders' meeting in accordance with KRS 271B.7-050. The notice shall also state that the purpose, or one (1) of the purposes, of the meeting is to consider the plan of conversion and contain or be accompanied by a copy or summary of the plan.
- (8) Unless KRS Chapter 271B, the articles of incorporation, or the board of directors acting pursuant to subsection (6) of this section, require a greater vote or vote by voting groups, the plan of conversion to be authorized shall be approved by each voting group entitled to vote separately on the plan by a majority of all the votes entitled to be cast on the plan by that voting group.
- (9) Separate voting by voting groups shall be required on a plan of conversion if the plan contains a provision that, if contained in a proposed amendment to the articles of incorporation, would require action by one (1) or more separate voting groups on the proposed amendment under KRS 271B.10-040.
- (10) After a conversion is authorized, and at any time before articles of organization are filed, the planned conversion may be abandoned subject to any contractual rights, without further shareholder action, in accordance with the procedure set forth in the

plan of conversion or, if none is set forth, in the manner determined by the board of directors.

- (11) After the conversion is approved, the corporation shall file articles of organization with the office of the Secretary of State that satisfy the requirements of KRS 275.025 and also include:
- (a) A statement that the corporation was converted to a limited liability company;
 - (b) Its former name;
 - (c) A statement that any assumed name held by the corporation has been canceled; and
 - (d) The designation, number of outstanding shares, and number of votes to be cast by each voting group entitled to vote separately on the plan of conversion and either the total number of undisputed votes cast for the plan separately by each voting group or a statement that the number cast for the plan by each voting group was sufficient for approval by that voting group.
- (12) The conversion shall take effect when the articles of organization are filed with the office of the Secretary of State or, subject to KRS 275.060, at a later date specified in the articles of organization.

Effective: June 26, 2007

History: Created 2007 Ky. Acts ch. 137, sec. 16, effective June 26, 2007.

Legislative Research Commission Note (6/26/2007). The Reviser of Statutes has corrected a manifest clerical or typographical error in this section pursuant to the authority of KRS 7.136.